

Served: June 27, 2002



**UNITED STATES OF AMERICA  
DEPARTMENT OF TRANSPORTATION  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C.**

Issued by the Department of Transportation  
on the 27<sup>th</sup> day of June, 2002

Applications of

**CARIBBEAN STAR AIRLINES, INC.**

for a certificate of public convenience and necessity under  
49 U.S.C. 41102 to engage in interstate and foreign  
scheduled air transportation of persons, property, and mail

**Dockets OST-01-11164  
OST-01-11198**

**ORDER TO SHOW CAUSE  
PROPOSING ISSUANCE OF CERTIFICATE AUTHORITY**

**Summary**

By this order, we tentatively find that Caribbean Star Airlines, Inc. (CSA) is fit, willing, and able to provide interstate and foreign scheduled air transportation of persons, property, and mail as a certificated air carrier, subject to certain limitations.<sup>1</sup>

**Background**

Section 41102 of Title 49 of the United States Code (Transportation) ("the Statute") directs us to determine whether applicants for certificate authority to provide interstate and foreign scheduled air transportation of persons, property and mail are "fit, willing, and able" to perform such transportation and to comply with the Statute and the regulations of the Department. In making fitness findings, the Department uses a three-part test that reconciles the Airline Deregulation Act's liberal entry policy with Congress' concern for operational safety and consumer protection. The three areas of inquiry that must be addressed in order to determine a company's fitness are whether the applicant (1) will have the managerial skills and technical ability to conduct the proposed operations, (2) will have access to resources sufficient to commence operations without posing an undue risk to consumers, and (3) will comply with the Statute and regulations imposed by Federal and State agencies. We must also find that the applicant is a U.S. citizen.

On December 12, 2001, CSA filed an application in Docket OST-01-11164 for a certificate to engage in scheduled foreign air transportation of persons, property, and mail between San Juan, Puerto Rico and Antigua, West Indies; St. Kitts, Leeward Islands; Tortolla, British Virgin Islands; and St. Maarten, Netherlands Antilles. On December 18, CSA filed a

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<sup>1</sup> Specifically, we propose to limit CSA's authority to the use of "small" aircraft as defined in 14 CFR Part 298, *i.e.*, those with a passenger capacity of up to 60 seats.

companion application in Docket OST 01-11198 seeking interstate scheduled passenger authority to provide service between San Juan and St. Thomas, U.S. Virgin Islands, during the latter part of its first year of operations.

CSA accompanied its applications with the fitness information required by section 204.3 of our regulations.<sup>2</sup> While one answer opposing CSA's application was filed on March 12, 2002, this objection was subsequently withdrawn.<sup>3</sup> No other answers opposing CSA's application were filed and no special issues regarding the applicant have come to our attention. Under these circumstances, we propose to decide the issue of the applicant's fitness on the basis of the written record, and tentatively conclude that CSA is a U.S. citizen and is fit, willing, and able to operate its proposed interstate and foreign scheduled passenger service. However, we will give interested persons an opportunity to show cause why we should not adopt as final the tentative findings and conclusions stated herein.

## **FITNESS**

### **The Company**

CSA was incorporated in the State of Delaware in January 2000 to provide scheduled air service from points in Florida and Puerto Rico to points in the Caribbean, Mexico, and Central and South America. Mr. R. Allen Stanford, a U.S. citizen, is Chairman of the Board of Directors and the carrier's sole owner. He is also Chairman and CEO of the Stanford Financial Group, a network of affiliated companies that provide international financial services. He also owns 100 percent of Caribbean Star Airlines Holdings, Ltd., which, in turn, wholly owns Caribbean Star Airlines, Ltd. (CSA Ltd.), an Antiguan air carrier. CSA Ltd. operates scheduled and charter services between Antigua and various points in the eastern Caribbean region. The applicant states that its services will be conducted separate from those of CSA Ltd. Nonetheless, because of the similarity of the applicant's name with that of Mr. Stanford's other airline, and the possibility this presents for confusion, the applicant has agreed to change its name in the near future.

If found fit, CSA proposes to provide service between San Juan, Puerto Rico and Antigua, West Indies; St. Kitts, Leeward Islands; Tortolla, British Virgin Islands; and St. Maarten, Netherlands Antilles. Later in the year, the airline proposes to increase service to these points and begin flying between San Juan and St. Thomas, U.S. Virgin Islands. By the end of its first year of operations CSA expects to be operating a total of four leased 37-seat DeHavilland DHC-8-102 aircraft.

### **Managerial Competence**

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<sup>2</sup> CSA filed information supplementing its applications on February 7, March 13 and June 21, 2002.

<sup>3</sup> On March 12, Daystar Airways, Ltd. d/b/a Nevis Express (Daystar), a certificated U.S. carrier serving the Caribbean region, filed a motion to file comments late. Daystar questioned certain financial data in CSA's application, and also complained that the Government of Antigua--one of the points that CSA desires to serve--had refused to grant Daystar landing rights to that country. Daystar indicated that it was unfair to process the application of another carrier proposing to serve Antigua until its dispute had been resolved. Subsequently, both carriers filed comments on these matters. On April 2, in a request to file an otherwise unauthorized document, Daystar expressed its regret that its earlier comments had been seen as opposing CSA's certification, and urged both the Department and Department of State to review its request to secure landing rights in Antigua.

Mr. R. Allen Stanford, a 1974 graduate of Baylor University, is CSA's Chairman and sole owner. He is also Chairman of the Board and Chief Executive Officer of the Stanford Financial Group, a network of affiliated companies that provide international financial services. As stated previously, Mr. Stanford is the sole owner of the applicant and its sister company, CSA Ltd., an Antiguan air carrier which currently operates scheduled and charter small-aircraft services between Antigua and various points in the eastern Caribbean region. In addition, Mr. Stanford serves as a board member for a number of charitable organizations, including the Houston Foundation, Hero House, the St. John's Medical Center Authority, and Caribbean Latin American Action.

Ms. Yolanda M. Suarez, CSA's President and Chief Executive Officer, holds undergraduate and graduate law degrees from the University of Miami. Upon graduation in 1983, she began her career as a private practice attorney, first with the law firm of Greenberg, Traurig, Askew, Hoffman, Lipoff, Rosen & Quentel (1983-1985); then as a Director of the Mega Bank (1985-1993); and later as a principal of the law firm of Suarez & Gary (1985-1992). From 1992 to the present, she has been employed by the Stanford Financial Group holding the positions of General Counsel (1991-1999) and Chief of Staff (August 1999-present).

Mr. John G. Albright is CSA's General Manager. He has spent his entire professional career since leaving the Navy in 1964 in the commercial aviation field working for over a dozen small and large air carriers. Among the positions he has held were Lead Technician and Mechanic with Pan American World Airways (1974-1991), Director of Quality Control/Avionics Manager for Skybus, Inc. (1992-1993), Director of Quality Assurance for Falcon Air Express (1996-1997), and Director of Quality Control for International Cargo Charters (1999-2000). From 1987 to the present he has served as President of World Aviation Group, Inc., an airline management consulting business. Mr. Albright is an FAA-certified Airframe and Powerplant Mechanic.

Mr. Robert H. Dunton is CSA's Director of Operations. During his 31-year aviation career he has been employed by a variety of airlines including Cam Air, Key Airlines, Sunjet International Airlines, and Capital Cargo International, in the capacity of Chief Pilot, Check Airman, and line Captain. Most recently he served as Director of Operations at Southeast Airlines, flying DC-9 aircraft on domestic and international routes. He is an FAA-certified Airline Transport Pilot with over 16,400 total flying hours and also holds an FAA Airframe and Powerplant Mechanic certificate.

Mr. Paul W. Cubillos is the carrier's Director of Maintenance. He holds an FAA Airframe and Powerplant Mechanic certificate and has over 17 years of experience working in the field of aircraft maintenance. Before coming with CSA, Mr. Cubillos served as Director of Maintenance for International Aviation Corporation/Interlease Aviation (1999-2001) where he managed a complete maintenance organization responsible for maintaining a fleet of company aircraft engaged in worldwide operations. From 1984 to 1999, he worked for five other air carriers including American International Airways, Rich International Airways, and Fine Airlines, performing duties ranging from that of aircraft mechanic to maintenance manager.

Mr. Anthony N. Gaeta is CSA's Director of Safety. Since leaving the Air Force in 1968, Mr. Gaeta has been employed by numerous air carriers, including as Chief Pilot for Overseas

National Airways (1968-1976), Line Captain for Air Jamaica (1978–1980), Chief Pilot for Five Star Airways (1986–1987), and Director of Operations at both Trans International Airways and Gulf Air (1987–1990). From 1990 until April 1995, he was employed as a consultant to various airlines. Among the positions he has held since 1995 were Director of Operations for Pan American World Airways, and General Manager at Sun Pacific International Airways. Mr. Gaeta is an FAA-certified Airline Transport Pilot.

Mr. Norman P. Aranha is CSA's Chief Pilot and has over 20 years of airline experience. Most recently, he served as a pilot for Gemini Air Cargo. Prior to this he served as a pilot with Paradise Island Airlines. Mr. Aranha is an FAA-certified Airline Transport Pilot and has logged over 13,000 hours total flying time in a variety of aircraft ranging from seaplanes to wide body transport jets.

In view of the experience and background of the applicant's key personnel, we tentatively conclude that CSA has demonstrated that it has the management skills and technical ability to conduct its proposed service.<sup>4</sup>

## **Financial Plan and Operating Proposal**

If granted the certificate authority it seeks, CSA proposes to operate up to four leased Dash-8 aircraft with 37 coach class seats on various Caribbean air routes. The carrier proposes to begin service with two aircraft from both San Juan and Antigua, with non-stop service to St. Maarten, Tortola, and St. Kitts, as well as direct flights and non-stop service between San Juan and Antigua. Following CSA's lease of a third Dash-8 in November 2002, the carrier proposes to increase service in its initial scheduled service markets and commence the operation of a limited number of passenger charter flights in the Caribbean region. CSA then proposes to lease a fourth Dash-8 in February 2003, and add service between San Juan, St. Thomas and Antigua. The carrier also expects to increase service between San Juan and St. Maarten, in addition to offering expanded domestic and international passenger charter operations. With all four Dash-8s in service, CSA expects to operate 30 daily scheduled one-way flights.

CSA appears to have the financial resources to provide the service proposed. In its balance sheet dated November 30, 2001, CSA reports total current assets of \$2.4 million and total current liabilities of only \$29,115. CSA also reports total shareholder's equity of \$2.5 million. In addition to these funds, CSA has a \$4.8 million letter of credit from the Toronto-Dominion Bank. Capital funds from these two sources total \$7.2 million for which the Department has received third party verification.

CSA estimates that its first year operating expenses will total approximately \$20.4 million. In addition, CSA projects that it will incur \$2.0 million in additional pre-operating expenses. Therefore, based on the information before us, CSA will need approximately \$7.1 million in

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<sup>4</sup> Before authorizing a carrier to conduct air transportation operations, the FAA also evaluates certain of the applicant's key personnel with respect to the minimum qualifications for those positions as prescribed in the Federal Aviation Regulations. The FAA's evaluation of these key personnel provides an added practical and in-person test of the skills and technical ability of these individuals. The FAA has advised us that all of the individuals holding key technical positions with CSA are qualified and have been approved for those positions.

funds to meet our financial fitness criteria.<sup>5</sup> This requirement is satisfied by the carrier's available funds.

In light of the above, we tentatively conclude that CSA has sufficient financial resources to enable it to commence its proposed scheduled passenger operations without posing an undue risk to consumers or their funds.

### **Compliance Disposition**

CSA states that there are no actions or outstanding judgments against it, its owner, or its key personnel, nor have there been any charges of unfair, deceptive or anti-competitive business practices, or of fraud, felony or antitrust violations brought against any of these parties in the past ten years. The applicant also states that there are no pending investigations, enforcement actions, or formal complaints filed by the Department against it, its key personnel, or persons having a substantial interest in it with respect to compliance with the Statute or the Department's regulations.

According to the FAA, CSA's current management team is composed of individuals who possess the skills necessary to carry out the company's business plan in a manner that meets federal safety requirements. The agency has further advised us that it knows of no reason why the carrier should not be granted the authority it is seeking.

Under these circumstances, we tentatively conclude that CSA has the proper regard for the laws and regulations governing its services to ensure that its aircraft and personnel conform to applicable safety standards and that acceptable consumer relations practices will be followed.

### **CITIZENSHIP**

Section 41102 requires that certificates to engage in air transportation be held only by citizens of the United States as defined in 49 U.S.C. 40102(a)(15). That section requires that the President and two-thirds of the Board of Directors and other managing officers be U.S. citizens and that at least 75 percent of the outstanding voting stock be owned by U.S. citizens. We have also interpreted the Statute to mean that, as a factual matter, the carrier must actually be controlled by U.S. citizens.

As stated earlier, Mr. R. Allen Stanford, a U.S. citizen, wholly owns CSA and serves as its Chairman of the Board. In addition, all of CSA's key personnel are U.S. citizens and the company has provided an affidavit attesting that it is a citizen of the United States within the meaning of the Statute. Finally, our review of the applicant's citizenship has uncovered no reason to suggest that control of CSA rests with non-U.S. citizens.

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<sup>5</sup> To meet the Department's financial fitness criteria, an applicant should have access to financial resources sufficient to cover its pre-operating expenses and the expenses that are reasonably projected to be incurred during three months of "normal" operations. Because projected expenses during the first several months of air transportation services frequently do not include all costs that will be incurred during a "normal" period of operations, it is our practice to base our three-month test on one-quarter of the first year's operating cost forecast, which, in this case, is \$5.1 million. Further, in calculating available resources, projected revenues may not be used.

Based on the above, we tentatively conclude that CSA is a citizen of the United States and is fit, willing, and able to conduct the interstate and foreign scheduled passenger operations proposed in its applications.

### **PUBLIC CONVENIENCE AND NECESSITY**

The award of authority to engage in foreign scheduled air transportation requires a finding under section 41102 of the statute that the grant of this authority is consistent with the public convenience and necessity. We tentatively find that the foreign scheduled air transportation proposed by CSA is consistent with the public convenience and necessity. In this regard, we find that the authority requested is consistent with the aviation agreements governing air services and/or the state of aviation relations between the United States and Antigua and Barbuda, St. Maarten, Tortola, and St. Kitts and Nevis. In addition, we find that the services proposed will contribute to the price and service options available to the public.<sup>6</sup>

### **OBJECTIONS**

We will give interested persons 14 days following the service date of this order to show cause why the tentative findings and conclusions set forth here should not be made final; answers to objections will be due within 7 days thereafter. We expect such persons to direct their objections, if any, to the applications and points at issue and to support such objections with detailed economic analyses. If an oral evidentiary hearing or discovery procedures are requested, the objector should state in detail why such a hearing or discovery is considered necessary, and what material issues of decisional fact the objector would expect to establish through a hearing or discovery that cannot be established in written pleadings. The objector should consider whether discovery procedures alone would be sufficient to resolve material issues of decisional fact. If so, the type of procedure should be specified (*See* Part 302, Rules 19 and 20); if not, the reasons why not should be explained. We will not entertain general, vague, or unsupported objections. If no substantive objections are filed, we will issue an order that will make final our tentative findings and conclusions with respect to CSA's fitness and certification.

However, even if no objections are filed, we will not issue a final order until such time as CSA files evidence that it has changed its name to one that is acceptable to the Department in order to avoid confusion between it and its sister company, CSA Ltd.

### **CERTIFICATE CONDITIONS AND LIMITATIONS**

If CSA is found fit and issued the certificates it seeks, its authority will not become effective until the company has fulfilled all requirements for effectiveness as set forth in the terms and conditions attached to its certificates. Among other things, this includes our receipt of evidence that CSA has been certified by the FAA to engage in the subject operations, a fully executed OST Form 6410 evidencing liability insurance coverage that meets the requirements

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<sup>6</sup> Pursuant to 49 U.S. C. 41307 the issuance of foreign authority to the applicant is subject to Presidential review.

of section 205.5(b) of our rules, and a statement of any changes it may have undergone since its fitness was examined.<sup>7</sup>

We also wish to remind the company of the requirements of 49 U.S.C. 41110(e). Specifically, that section requires that, once a carrier is found fit initially, it must remain fit in order to hold its authority. To be assured that certificated air carriers continue to be fit after effective authority has been issued to them, we require that they supply information describing any subsequent substantial changes they may undergo in areas affecting fitness.

Our tentative findings stated above are based on the operating plan described in CSA's applications, namely, utilizing up to four 37-seat Dash-8 aircraft. Were the applicant to propose to expand its operations to include large aircraft (*i.e.*, aircraft having 60 passenger seats or more), our fitness findings might no longer apply. Therefore, we propose to limit any authority issued to CSA to operations with aircraft having 60 passenger seats or less. Should CSA subsequently desire to acquire and operate larger aircraft, it must first be determined fit for such operations.

In addition, should CSA propose other substantial changes in its ownership, management, or operations, it must first comply with the requirements of section 204.5 of our rules.<sup>8</sup> The compliance of the company with this requirement is essential if we are to carry out our responsibilities under the Statute.<sup>9</sup>

Finally, to aid the Department in monitoring the fitness of new carriers, we have adopted a requirement that all newly certificated carriers must submit a detailed progress report, within 45 days following the end of the first year of certificated operations, to the Air Carrier Fitness Division. The report should include a description of the carrier's current operations (number and type of aircraft, principal markets served, total number of full-time and part-time employees), a summary of how these operations have changed during the year, a discussion of any changes it anticipates from its current operations during its second year, current financial

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<sup>7</sup> CSA states that it will file an Aviation Accident Family Assistance Plan with the Department (in Docket OST-96-1960) and with the National Transportation Safety Board prior to commencing scheduled operations. In addition, because CSA proposes to operate covered international flight segments as defined in 14 CFR section 243.3, it will be necessary for the carrier to file a description of how it intends to collect and transmit passenger manifest information as required under Part 243 of our rules.

<sup>8</sup> The carrier may contact our Air Carrier Fitness Division to report proposed substantial changes in its operations, ownership, or management, and to determine what additional information, if any, will be required under section 204.5. In addition, by notice dated July 21, 1998, the Department requested air carriers to provide a 30-day advance notification of any proposed change in ownership, restructuring, or recapitalization. If the carrier fails to file this updated information or if the information fails to demonstrate that the carrier will continue to be fit upon implementation of the substantial change, the Department may take such action as is appropriate, including enforcement action or steps to modify, suspend, or revoke the carrier's certificate authority.

<sup>9</sup> We also remind CSA about the requirements of section 204.7 of our rules. This section provides, among other things, that (1) the certificate authority granted to a company shall be revoked if the company does not commence actual flying operations under that authority within one year of the date of the Department's determination of its fitness; (2) if the company commences operations for which it was found fit and subsequently ceases such operations, it may not resume certificated operations unless its fitness has been redetermined; and (3) if the company does not resume operations within one year of its cessation, its authority shall be revoked for dormancy.

statements,<sup>10</sup> and a listing of current senior management and key technical personnel. The carrier should also be prepared to meet with staff members of the Fitness Division to discuss its current and future operations.

**ACCORDINGLY:**

1. We direct all interested persons to show cause why we should not issue orders making final the tentative findings and conclusions stated above and award certificates to Caribbean Star Airlines, Inc., authorizing it to engage in interstate and foreign scheduled air transportation of persons, property, and mail, subject to the attached specimen Terms, Conditions, and Limitations.
2. We direct any interested persons having objections to the issuance of orders making final any of the proposed findings, conclusions, or the certificate awards set forth here to file them with Department of Transportation Dockets, 400 Seventh Street, SW, PL-401, Washington, D.C. 20590, in Dockets OST-01-11164 and 11198, and serve them upon all persons listed in Attachment A no later than 14 days after the service date of this order. Answers to objections shall be filed no later than 7 days thereafter.
3. We direct Caribbean Star Airlines, Inc., to file evidence that it has changed its name to one that is acceptable to the Department. Such filing must be made prior to the issuance of any orders finalizing the tentative findings and conclusions stated above and awarding the company the certificate authority at issue.
4. We grant the motions of Daystar Airways Ltd. d/b/a Nevis Express, for leave to file a late document and for leave to file an otherwise unauthorized document. We also grant the motion of Caribbean Star Airlines, Inc., for leave to file its surreply to Daystar's late document.
5. If timely and properly supported objections are filed, we will accord full consideration to the matters or issues raised by the objections before we take further action.<sup>11</sup>
6. In the event that no objections are filed, we will consider all further procedural steps to be waived and we will enter an order making final our tentative findings and conclusions.
7. We will serve a copy of this order on the persons listed in Attachment A.
8. We will publish a summary of this order in the Federal Register.

By:

**READ C. VAN DE WATER**

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<sup>10</sup> These financial statements should include a balance sheet as of the end of the company's first full year of actual flight operations and a twelve-month income statement ending that same date.

<sup>11</sup> Since we have provided for the filing of objections to this order, we will not entertain petitions for reconsideration.



Assistant Secretary for Aviation  
and International Affairs

**(SEAL)**

*An electronic version of this document is available on the World Wide Web at:  
<http://dms.dot.gov>*



**SPECIMEN**  
*Terms, Conditions, and Limitations*

**CARIBBEAN STAR AIRLINES, INC.**

*is authorized to engage in foreign air transportation of persons, property, and mail:*

*Between a point or points in the United States and Antigua and Barbuda; St. Maarten, Netherlands Antilles; Tortola, British Virgin Islands; and St. Kitts and Nevis.*

*This authority is subject to the following provisions:*

*(1) The authority to operate under this certificate will not become effective until six (business) days after the Department has received the following documents; provided, however, that the Department may stay the effectiveness of this authority at any time prior to that date:*

*(a) A copy of the holder's Air Carrier Certificate and Operations Specifications authorizing such operations from the Federal Aviation Administration (FAA).*

*(b) A certificate of insurance on OST Form 6410 evidencing liability insurance coverage meeting the requirements of 14 CFR 205.5(b) for all of its aircraft.*

*(c) A statement of any changes the holder has undergone in its ownership, key personnel, operating plans, financial posture, or compliance history, since the date of the Show Cause Order in this case.*

*(d) A revised list of pre-operating expenses already paid and those remaining to be paid, as well as independent verification that the holder has available to it funds sufficient to cover any remaining pre-operating expenses and to provide a working capital reserve equal to the operating costs that would be incurred in three months of operations.*

*(e) A copy of the holder's Aviation Disaster Family Assistance Plan as required by 49 U.S.C. 41113 and a statement summarizing how it will collect passenger manifest information and submit it to the Department of State in the event of an aviation disaster as required under 14 CFR Part 243.*

*(2) Pending receipt of effective authority, the holder may not accept payment of any kind (i.e., cash, check, or credit card), or issue tickets for the operations proposed under this certificate, and any advertisement by the holder must prominently state: "This service is subject to receipt of government operating authority."*

(3) *The holder may not operate aircraft designed to have a maximum passenger capacity of more than sixty (60) seats or a maximum payload capacity of more than 18,000 pounds. In the event that the holder wishes to institute operations with aircraft having a larger capacity, it must first be determined fit for such operations.*

(4) *The holder shall at all times conduct its operations in accordance with the regulations prescribed by the Department of Transportation for the services authorized by this certificate, and with such other reasonable terms, conditions, and limitations as the Department of Transportation may prescribe in the public interest.*

(5) *The holder shall at all times conduct its operations in accordance with all treaties and agreements between the United States and other countries, and the exercise of the privileges granted by this certificate is subject to compliance with such treaties and agreements and with any order of the Department of Transportation issued under them. To the extent that the holder has authority to serve more than one country or points in more than one country on the same route segment, that authority does not confer upon the holder any additional rights (including fifth-freedom intermediate and/or beyond rights) in limited-entry markets unless the Department has completed any necessary carrier selection procedures to determine which carrier(s) should be authorized to exercise such rights and has notified the foreign country(ies) involved that any such selected carrier(s) has the required authority. In such cases, the fact that the carrier may hold authority to serve the countries (points) at issue on the same segment will not be considered as providing any preference to the holder in a carrier selection proceeding.*

(6) *The exercise of the authority granted here is subject to the holder's first obtaining from the appropriate foreign governments such operating rights as may be necessary.*

(7) *The holder's authority is effective only to the extent that such operations are also authorized by the FAA, and comply with all Department of Transportation requirements concerning security.*

(8) *The holder shall at all times remain a "Citizen of the United States" as required by 49 U.S.C. 40102(a)(15).*

(9) *The holder shall maintain in effect liability insurance coverage as required under 14 CFR Part 205. Failure to maintain such insurance coverage will render a certificate ineffective, and this or other failure to comply with the provisions of Subtitle VII of Title 49 of the United States Code or the Department's regulations shall be sufficient grounds to revoke this certificate.*

(10) *The holder is authorized to conduct charter flights in interstate and/or foreign air transportation in accordance with the provisions of 14 CFR 212.*

(11) *Should the holder propose any substantial changes in its ownership, management, or operations (as that term is defined in 14 CFR 204.2(l)), it must first comply with the requirements of 14 CFR 204.5.*

(12) *In the event that the holder does not commence actual flying operations under this certificate within one year of the date of the Department's determination of its fitness, its authority shall be revoked for dormancy, unless the holder is conducting operations under another type of certificate authority. Further, in the event that the holder commences operations for which it was found "fit, willing, and able" and subsequently ceases all such operations, its authority under all certificates held shall be suspended under the terms of 14 CFR 204.7 and the holder may neither recommence nor advertise such operations unless its fitness to do so has been redetermined by the Department. Moreover, if the holder does not resume operations within one year of its cessation, its authority shall be revoked for dormancy.*



**SPECIMEN**  
*Terms, Conditions, and Limitations*

**CARIBBEAN STAR AIRLINES, INC.**

*is authorized to engage in interstate air transportation of persons, property, and mail between any point in any State, territory, or possession of the United States or the District of Columbia, and any other point in any of those entities.*

*This authority is subject to the following provisions:*

*(1) The authority to operate under this certificate will not become effective until six (business) days after the Department has received the following documents; provided, however, that the Department may stay the effectiveness of this authority at any time prior to that date:*

*(a) A copy of the holder's Air Carrier Certificate and Operations Specifications authorizing such operations from the Federal Aviation Administration (FAA).*

*(b) A certificate of insurance on OST Form 6410 evidencing liability insurance coverage meeting the requirements of 14 CFR 205.5(b) for all of its aircraft.*

*(c) A statement of any changes the holder has undergone in its ownership, key personnel, operating plans, financial posture, or compliance history, since the date of the Show Cause Order in this case.*

*(d) A revised list of pre-operating expenses already paid and those remaining to be paid, as well as independent verification that the holder has available to it funds sufficient to cover any remaining pre-operating expenses and to provide a working capital reserve equal to the operating costs that would be incurred in three months of operations.*

*(e) A copy of the holder's Aviation Disaster Family Assistance Plan as required by 49 U.S.C. 41113 and a statement summarizing how it will collect passenger manifest information and submit it to the Department of State in the event of an aviation disaster as required under 14 CFR Part 243.*

*(2) Pending receipt of effective authority, the holder may not accept payment of any kind (i.e., cash, check, or credit card) or issue tickets for the operations proposed under this certificate, and any advertisement or listing of flights by the holder must prominently state: "This service is subject to receipt of government operating authority."*

*(3) The holder may not operate aircraft designed to have a maximum passenger capacity of more than sixty (60) seats or a maximum payload capacity of more than 18,000 pounds. In the event that the*

*holder wishes to institute operations with aircraft having a larger capacity, it must first be determined fit for such operations.*

*(4) The holder shall at all times conduct its operations in accordance with the regulations prescribed by the Department of Transportation for the services authorized by this certificate, and with such other reasonable terms, conditions, and limitations as the Department of Transportation may prescribe in the public interest.*

*(5) The holder's authority is effective only to the extent that such operations are also authorized by the FAA and comply with all Department of Transportation requirements concerning security.*

*(6) The holder shall at all times remain a "Citizen of the United States" as required by 49 U.S.C. 40102(a)(15).*

*(7) The holder shall maintain in effect liability insurance coverage as required under 14 CFR Part 205. Failure to maintain such insurance coverage will render a certificate ineffective, and this or other failure to comply with the provisions of Subtitle VII of Title 49 of the United States Code or the Department's regulations shall be sufficient grounds to revoke this certificate.*

*(8) The holder is authorized to conduct charter flights in interstate and/or foreign air transportation in accordance with the provisions of 14 CFR 212.*

*(9) In the event that the holder receives effective scheduled passenger authority, the following additional conditions will apply:*

*(a) The holder may reduce or terminate service at any point or between any two points, subject to compliance with the provisions of 49 U.S.C. 41734 and all orders and regulations issued by the Department of Transportation under that section.*

*(b) The holder may not provide scheduled passenger air transportation to or from Dallas (Love Field), Texas, except within the limits set forth in section 29 of the International Air Transportation Competition Act of 1979, as amended by section 337 of the Department of Transportation and Related Agencies Appropriations Act, 1998.*

*(10) Should the holder propose any substantial changes in its ownership, management, or operations (as that term is defined in 14 CFR 204.2(l)), it must first comply with the requirements of 14 CFR 204.5.*

*(11) In the event that the holder does not commence actual flying operations under this certificate within one year of the date of the Department's determination of its fitness, its authority shall be revoked for dormancy, unless the holder is conducting operations under another type of certificate authority. Further, in the event that the holder commences operations for which it was found "fit, willing, and able" and subsequently ceases all such operations, its authority under all certificates held shall be suspended under the terms of 14 CFR 204.7 and the holder may neither recommence nor advertise such operations unless its fitness to do so has been redetermined by the Department.*

*Moreover, if the holder does not resume operations within one year of its cessation, its authority shall be revoked for dormancy.*

ATTAHMENT A

**SERVICE LIST FOR CARIBBEAN STAR AIRLINES, INC.**

MS YOLANDA M SUAREZ  
PRESIDENT & CEO  
CARIBBEAN STAR AIRLINES INC  
580 SW 34<sup>th</sup> STREET  
SUITE 580  
FT LAUDERDALE, FL 33315

MS JONI MOUNT  
PRODUCT MANAGER  
TRANSPORT PRINT PRODUCTS  
OFFICIAL AIRLINE GUIDE  
2000 CLEARWATER DRIVE  
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